US edition

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The International Labor Office is the permanent secretariat of the 148-member International Labor Organization, a United Nations specialized agency.

The dilemma of the informal sector

It has a name, but no precise definition. It operates largely beyond the law, yet it is a lifeline for 300 million people. In some countries it contributes a third of gross domestic product, while attempts have been made literally to bulldoze it out of existence.

It is known as the informal sector – "relatively unexplored and controversial territory" into which the International Labor Conference will venture when it convenes in Geneva next month.

Controversial, because the informal sector can be viewed from many angles. It can be seen as a provider of employment and incomes to millions who would otherwise lack the means of survival, or viewed as a segment of society that escapes regulation and protection. It can be romanticized as a breeding ground of entrepreneurship or condemned as a vast sea of backwardness and poverty.

But it cannot be ignored, asserts ILO Director-General Michel Hansenne in a report* setting the theme for the session's general debate.

The ILO gave the sector its name when an employment mission to Kenya in 1972 observed the phenomenon of large numbers of working poor in urban areas, operating outside the formally structured economy. It is generally understood to refer to very small-scale units producing and distributing goods and services, involving little or no capital, using a low level of technology and skills and therefore operating at a low level of productivity, and generally yielding very low and irregular incomes. These units are for the most part unrecorded in official statistics; they tend to have little or no access to organized markets, credit, training or public amenities. Neither recognized, supported nor regulated by the government, they are compelled by circumstances to operate outside the framework of the law and of social protection. Their workers generally live and work in appalling shanty-town conditions.

Informal sector activities take many forms. At one end of the spectrum is the relatively thriving small-scale manufacturing enterprise employing several workers; at the other end are street vendors, shoe-shiners and others engaged in petty service activities that yield barely a subsistence income. In between are such activities as informal transport services, small shops and laundries.

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Photo: J. Maillard/ILO

Business as usual on the fringe of the modern economy.

When the roof caves in

Insolvent people are no longer condemned to imprisonment for debt – a punishment meted out for the sin of financial failure in 18th and 19th century Europe. Nor are they deemed guilty of infamy as they were in ancient Rome. But while the law today takes a more enlightened view of enterprises in trouble, the consequences of financial collapse can still be dramatic, especially for workers whose livelihood is at stake.

Insolvencies are part of the daily lot of any open market-economy system, where enterprises automatically take economic and financial risks which do not always pay off. In times of recession they multiply, even in robust economies; in the Federal Republic of Germany, for example, there were 18,800 cases of insolvency in 1985 compared to 4,222 in 1970. Their numbers do not necessarily drop in better times.

For tens of thousands of businesses operating today around the world, there will be no tomorrow.

Some will be subject to a range of judicial proceedings, which may include bankruptcy or winding up, designed to ensure that all creditors receive fair treatment.

Many of them, however, will simply vanish from the scene, leaving their creditors – including their employees – empty handed.

A spectacular rise in bankruptcies in recent years and the number of workers affected by them has prompted the ILO to take a new hard look at measures for the protection of workers' claims in the event of the insolvency of the employer. Next month's session of the International Labor Conference meeting in Geneva will begin a two-year process of adopting up-to-date standards designed to improve the situation.

The main existing ILO standard is an article in the Protection of Wages Convention, 1949 (No. 95), which provides that workers be treated as privileged creditors, their wages to be paid in full before ordinary creditors may establish any claim.

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Upswing in inflation

Inflationary pressures are once again undermining economic and social stability in many countries. A study carried out by the ILO of 46 industrialized and developing economies shows that in at least 28 countries the rate of inflation in 1990 was higher than in 1989.

These included the United States, the United Kingdom, Austria, Switzerland, Sweden, Luxembourg and Japan from among the industrialized countries and India, Mauritius, Botswana, Singapore, Malaysia, Chile and Uruguay among developing and newly industrialized economies.

What is disturbing is that 19 (about 40 per cent) of the 46 countries surveyed reported higher rates for the second successive year. Three of these were in the Americas (Uruguay, Chile and the United States), one in Africa (Botswana) and five in Asia (Sri Lanka, Philippines, Hong Kong, Singapore and Japan). Asian countries were the worst affected, with nine of the 10 countries surveyed reporting higher inflation rates.

Only 17 of the 46 countries covered by the study reported lower rates of inflation, among them Germany, France, Belgium, Ireland, Denmark, Finland and Canada from the North, and Madagascar, Thailand, Ecuador, New Caledonia and French Polynesia from the South.

Among countries with multidigit inflation were Uruguay (129 per cent), Ecuador (50 per cent), Chile (27.3 per cent), Uganda (25 per cent), Hungary (33.3 per cent), Greece (22.8 per cent) and Sri Lanka (19.6 per cent).

The study is based on the consumer price indices covering the period December 1989 to December 1990.

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The dilemma of the informal sector

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One thing they have in common is their vulnerability. They have to rely as best they can on self-supporting and "informal" institutional arrangements functioning independently of the mechanisms of the modern economy. They are vulnerable also because they receive little or no legal protection. Indeed, the sector's existence on the fringes of the law has often led public authorities to confuse it with criminal activities, and to subject it to harassment.

The persistence of the informal sector is due to the inability of the other sectors of the economy to provide jobs to a rapidly growing labor force. It has been described as a huge "labor sponge"; but as population growth continues and economic recession bites, the absorptive capacity of the "sponge" is being severely tested.

Contrary to earlier beliefs, the informal sector is not going to disappear spontaneously with economic growth. It is likely to grow, and with it the problems of urban poverty and congestion will also grow.

This presents a dilemma to policy-makers, to organized employers and workers and to the ILO itself, the report states. Should the sector be allowed to continue to expand outside the framework of laws and institutions governing social and economic life, and thus provide a convenient low-cost way of absorbing labor that cannot be employed elsewhere? Or should attempts be made to bring it into the legal and institutional framework, with the risk of impairing its capacity to absorb labor?

The report believes it is possible to reconcile these two objectives of labor absorption and regulation, provided there is a willingness to come to grips with some difficult policy issues.

It warns against the targeting of measures exclusively on the informal sector itself while ignoring the environment in which it exists. If the informal sector is to be integrated into the national economy, it is the whole of the economy which needs attention. Strategies which have favored urban development and large capital-intensive enterprises may have to be reconsidered in order to create the circumstances for a dynamic interaction between the "modern" and a revitalised "traditional" economy. And biases which operate to the disadvantage of the informal sector will have to be removed.

The report also warns that an attempt to formalize the informal sector by a stroke of the pen would simply marginalize it still further. It is out of the question to attempt to apply immediately to the sector the full range of existing laws, regulations and standards, including labor legislation, for informal sector producers are not in a position to comply with them.

The strategy therefore needs to consist of broad policy and institutional reforms in addition to programs of direct assistance.

Such a strategy could have four broad objectives:

- Firstly, the improvement of the productive potential of the sector by strengthening its market linkages, providing access to finance and credit, promoting training and the use of improved technologies and upgrading the physical infrastructure.
- Secondly, improvement of the welfare – nutrition, education, health and housing – of the poorest groups.
- Thirdly, the establishment of an appropriate regulatory framework, including social protection. Obstacles and costs must be reduced if progressive "legalization" of the sector is to take place: bureaucratic procedures and tax systems need to be simplified, for example.

The progressive extension of labor legislation to informal sector workers is a feasible – if very long-term – goal, for the main barriers to observance, namely cost and the precarious nature of most informal sector activities, can in time be overcome provided the right policies are followed. However, the application of basic standards whose non-observance "should not be tolerated" need not wait until the informal sector starts to "catch up" with the modern sector. These are the human rights standards on freedom of association, forced labor and discrimination. The application of these standards, together with those designed to eliminate exploitation – particularly of child labor – and to improve occupational safety and health, should have high priority.

The ILO, says the report, cannot turn a blind eye to the fact that its basic principles are not being applied in the informal sector. The fault lies not in the standards themselves, which set universal goals of social policy, but rather in patterns of development that have marginalized a whole segment of society.

- The fourth objective of the strategy would be the organization of informal sector producers and workers. Group solidarity is essential, the report states. Co-operatives could play a significant role, since the small informal organizations existing within the sector are essentially "pre-cooperative" in character and based on the principles and traditions of the genuine co-operative movement.

For trade unions the informal sector presents a challenge. The sector "is the very antithesis of everything that the trade union movement stands for – huge masses of people living and working in substandard conditions without the protection of the law or of organised labor." A comparable challenge is faced by employers' organizations, whose membership until now has consisted largely of enterprises in the modern sector. Both unions and employers' organizations are increasingly recognizing the importance of the informal sector; the prospects for its integration into the mainstream of economic life, the report observes, will to a substantial degree depend on their engagement.

The challenge is equally great for the ILO. The simultaneous creation of higher levels of employment, incomes and welfare within the informal sector and its integration into a regulatory framework for the whole of society is "among the most difficult policy questions currently facing the world of labor", the report concludes. It calls for full tripartite commitment, greater complementarity between the Organization's standard-setting, operational and research activities, and innovative methods of work. ■

* International Labor Conference, 78th Session, 1991. Report of the Director-General (Part I): *The dilemma of the informal sector*. ISBN 92-2-107514-1.

Agriculture prepares for its test-tube revolution

Photo: J. Maillard/ILO

Half lion, half goat and a dragon's tail, the chimera of Greek mythology was a monstrous hybrid. Today's chimeras are developed in agronomic laboratories where biologists, combining vegetable and animal genes, are preparing the third agricultural revolution.

Will the application of biotechnology, more than the mechanization of agriculture and the "green revolution" which preceded it, finally solve the nutritional problems of the planet and overcome the crushing burden of rural misery in the Third World?

It is not a pipe dream to think so, considers an ILO report*, provided that the research is firmly directed toward the products and methods used in developing countries, and that environmental considerations are duly taken into account.

The prospects opened by biotechnology and the risks that it entails will be explored by next month's International Labor Conference in Geneva in a general discussion on the application of modern agricultural technology. The delegates of governments, employers and workers of the ILO's 148 member States will consider suitable measures to take, at national and international levels, "to maximize the employment possibilities offered by these new technologies and to minimize the dangers that they entail, particularly for workers' health.

Mechanization and the "green revolution" – which is the utilization of high-yield varieties, fertilizers, pesticides and irrigation – have increased the productivity of land and labor. But their consequences for rural poverty and employment are not very clear. They appear to have worsened the inequalities between farmers and between regions: for example, while high yield varieties exist for foodgrain such as rice, wheat or corn, they do not exist or have not yet spread for rain-fed millet or sorghum, which together account for some 80 per cent of the cultivated land in the Sahel region and provide the staple food for some 200 million people in 13 countries.

Biotechnologies hold considerable promise because they are qualitatively different from classic hybridization methods. The genetic manipulation of plants, micro-organisms or animals aimed at intentionally modifying their characteristics is no longer limited by sexual compatibility, and the genetic modifications made feasible offer a wider range of possibilities with a considerably increased precision.

The planet's marginalized zones, notably in sub-Saharan Africa – affected very little by the "green revolution" – would be able to benefit from the perfection of varieties resistant to drought. By making plants resistant to disease and pests it would be possible to avoid crop losses and save on pesticides. Lengthening the periods of full growth will prolong agricultural and post-harvesting processing activities and will thus increase employment. Through the incorporation of nitrogen-fixation capabilities, plants will need less fertilizer and will conserve the soil better.

From farm mechanization, through the "green revolution", agricultural modernization is now moving into the biotechnological era. Biotechnology promises dramatic increases in crop yields. The challenge is to see that it also yields benefits in terms of jobs, incomes and the working environment.

Biotechnology presents therefore, according to the report, "a clear potential" of easing poverty, improving incomes and stimulating employment, while at the same time preserving the economic and environmental sustainability of agriculture.

Yet for this to happen some changes will surely be required in the trend of research and development in the new biotechnologies, warns the report. Already fears are being expressed that the current work, oriented toward the market in industrialized countries and financed by the agro-chemical industry, may reinforce and deepen the structural changes brought about by the "green revolution". The public institutions, whose primary concern is with poverty alleviation, play only a limited role.

"Some of the products being developed, rather than making farmers less dependent on the use of chemicals, are in fact extending the use of chemicals and pesticides," the report notes. Chemical enterprises are keen to maintain and expand their market in herbicides, whose sales are now valued at some $5 billion per year.

Several workers' organizations fear that this trend would pose serious risks to the environment and to workers' health. Serious concern is also being voiced that developing countries serve as a testing ground for certain genetic engineering research involving the release of potentially dangerous micro-organisms into the environment.

Third World farmers have further grounds for anxiety: the development in the rich countries of substitutes for Third World exports. Thus, for example, between 1978 and 1987, 42 per cent of the sugar used in the United States was replaced by a new sweetener based on corn, which struck a heavy blow to exporters of sugar in the Dominican Republic and the Philippines. "In both countries there has been significant loss of employment in the sugar industry," the report states. Also threatened are plant oils, coconut, cacao and perhaps even coffee.

Moreover, socio-economic obstacles which blocked the spread of "green revolution" benefits – inequality in the distribution of land, lack of irrigation facilities, fluctuation of demand – could in the same way counteract, although less intensively, the positive effects of biotechnology.

The ILO report proposes a number of paths to explore whereby the small farmers in developing countries would be able to benefit from the new technologies. It stresses the need for enhanced training for all levels of skills formation. It is not merely a question of producing more scientific personnel; in fact, "the potential for biotechnology to alleviate poverty and raise living standards in the developing countries will depend largely on its capacity to improve and increase the production of basic foods." It is vital that skills be developed to address this need.

What is more, if new products useful to the South are to be developed, research – which is concentrated mainly in the private sector in the North – needs to be financed more widely from public funds, including development aid, and targeted more precisely at the South's requirements. It is possible, the report asserts, to build policies on mutual advantages for donor and receiving countries.

For its part, the ILO has a role to play both as a forum for analysis by the social partners and as an instrument of international tripartite co-operation. Next month's discussion should enable the Organization and its member countries to focus more precisely on policies for technology which are geared to employment generation and poverty alleviation, and which bring into play the resources of employers' and workers' organizations which are vital if the next advance in agriculture is to be a social and not merely technological one. ■

* International Labor Conference, 78th session, 1991. Report VI: *The application of modern agricultural technology*. ISBN 92-2-107526-5.

READEX FICHE

The gold divers of the River Madeira

Forcing its way through the Amazonian forest, the Madeira river follows the frontier between Brazil and Bolivia and crosses the Brazilian state of Rondonia. It is a turbulent, dirty river, infested with piranhas, but Juscelino Amaral is not afraid of it. Between him and the Madeira there is an intimate, indissoluble relationship. The riverbed conceals one of the biggest gold reserves in the world and Juscelino is a "garimpeiro" (gold hunter), an Amazonian cowboy led by an instinct to extract gold wherever it lies.

The Madeira gold is hidden in its depths, more than 30 meters down. "The gold is holy," says Juscelino. "It is ours. It is a mineral that God put there for us. If anyone is brave enough to get it out, it's there for the taking."

Amaral is one of over 30,000 garimpeiros involved, over 400 km of the river, in what may well be one of the most difficult jobs in the world, underwater gold extraction. In what a report by the Brazilian Union of Workers in Underwater Activities describes as "the greatest labor tragedy in the history of Brazil", over 2,000 garimpeiros in the state of Rondonia died in the past two years in accidents caused by lack of technical knowledge, inadequate equipment and sabotage. The complaint was received by the ILO, which commissioned a report whose author, Brazilian doctor Ivan Jorge Ribeiro, concludes: "It is an indisputable fact that a large part of the gold extraction from the Madeira river is carried out by garimpeiros who dive to considerable depths without the least technical or biological knowledge of diving and without any prior medical checkup."

Dr. Ribeiro, who specializes in disorders caused by deep water diving, completed his report after an exhaustive study of the conditions of life and work of the Madeira river garimpeiro divers. "These workers," he states, "place their lives and health in jeopardy every working day."

In the words of Juscelino Amaral: "Every time we dive, we have a 99 per cent chance of losing our lives and only one per cent of surviving."

The last survivors of a race of adventurers, the garimpeiro divers came to the Amazonian forest to escape the poverty of the big towns or from the more depressed areas of Brazil. For weeks or months they navigate in precarious raft-like boats until they reach a place in the river where they hope to find gold. No fewer than five garimpeiros live and work crowded together in the asphyxiating habitat of the boat. To wrest a few grams of gold from the river, a diver plunges to a depth of between five and 33 metres according to the time of year. With no visibility whatsoever, exposed to the dangers of underwater currents, attack by piranhas or the fragility of the tube linking him to the boat, he remains in the dark underwater silence for up to eight hours, working with a suction pipe that draws up the mud – and, if he is lucky, some gold as well – from the riverbed and deposits it in the boat. His diving suit is the worse for wear, with patches covering the piranha bites.

Most of the garimpeiros are ignorant of diving techniques and the consequences can be seen in the high figures of pulmonary embolism recorded – "a disorder," Dr. Ribeiro explains, "that occurs when the diver comes back to the surface too quickly; the lungs over-expand and burst. Cases have been recorded of divers being already dead when they reached the surface."

A golden treasure lies on the river bed. It extracts a tearful price from the divers who plunge to recover it.

Many of the garimpeiros attribute their troubles to "supernatural forces" or to "some source of radioactivity". More realistically, the report identifies clearly diagnosed clinical disorders such as decompression sickness, barotraumas involving burst eardrums or sinus problems, carbon dioxide poisoning and other illnesses directly connected with ignorance of diving techniques.

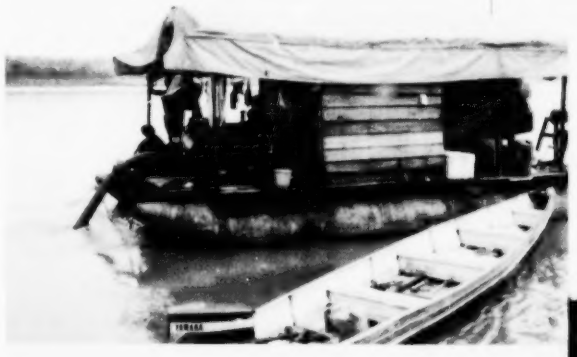
What is more, the process of the underwater extraction of gold presents the experts with a double challenge: preserving the workers' health and protecting the ecological balance of the Amazonian rivers. The mercury amalgam used by garimpeiros to separate gold from the mud is held by many Brazilian and international environmental organizations to be the main cause of contamination of the rivers in the region. A study by the University of Rio de Janeiro notes that in the past six years 105 tons of mercury have gone into the Madeira river and it estimates that no fewer than 130 tons of mercury evaporate in the atmosphere each year. Two grams of mercury are used to process one gram of gold, and the condensation of the amalgam in the air could cause serious physical harm to those who breathe it. Another study, by the University of Pará, reveals that samples of fish from the Madeira river contain levels of mercury three or four times above the threshold limit for human consumption established by the World Health Organization.

How can a balance be struck between an activity which is an essential element in the economy of the region and the need to preserve the health and lives of workers and the quality of the environment? In view of the magnitude of the problem, various solutions are beginning to emerge.

At the hospital in Porto Velho, the capital of Rondonia state, a decompression chamber has been set up to treat divers. Lung disorders can be restored to normal by simulation of the pressure on the riverbed. A growing number of workers are attending courses on diving techniques organized by the Brazilian Ministry of Labor.

While recognizing the efforts undertaken by the national authorities, the ILO report recommends that they be intensified by activities such as increased medical assistance, the prevention of pressure-related disorders by pre-diving medical examinations, the supervision and inspection of diving equipment and of safety conditions on the boats, registration of the divers and the establishment of certain requirements for their qualification. The report also urges environmental bodies to adopt the necessary measures to avoid the indiscriminate use of mercury in the process of extracting gold.

In the meanwhile, the Madeira continues to flow into the Amazon river and the seductive lure of its treasure endures. "I shall go on diving as long as God wills it," says Juscelino Amaral. "My life now belongs to the Madeira." ■



Photos M. Schapira, ILO

What an hour's work can buy

Photomontage J. Maillard ILO

What do a Sudanese weaver, a Sri Lankan waiter, a Yugoslav spinner, a Bangladeshi bus conductor, a baker in the Central African Republic and a grocery salesperson in Lesotho have in common? They all had to work for more than three hours in 1989 so as to earn enough to be able to buy a kilo of rice. On the other hand, one hour's labor purchased at least nine kilos of rice for a journalist in Bahrain, a bricklayer in Hong Kong, a carpenter in Sweden, a grocer salesperson in Uruguay and a postman in French Polynesia.

These wide disparities in the purchasing power of wages can be computed from the information for 1989 provided by governments in reply to the ILO October Inquiry on occupational wages and hours of work and on retail food prices, published recently.* This annual survey collects data on wage rates, earnings and hours of work for 159 occupations in 49 industry groups and on average retail prices for 93 items of food from over 100 countries throughout the world.

Staple diet

Rice, potatoes and bread are traditionally the staple diet for the majority of workers throughout the world, but many had to work long hours to satisfy their family's needs. To buy a kilo of potatoes, many employees in Bangladesh, Bolivia, Myanmar, Sri Lanka and Sudan had to work for more than an hour.

If bakers in Burundi, Colombia, India, Myanmar and Sri Lanka wanted to buy a loaf of bread (500 g), they also had to sweat beside their ovens for over an hour to earn enough. At the other end of the scale, hotel receptionists in the Netherlands could take home more than ten loaves after an hour, as could Cuban machine compositors, building electricians in Hong Kong, plumbers in Italy and bus drivers in French Guiana.

Meat a luxury

Meat, fish and poultry were rare luxury items for many families. In very few countries were hourly earnings equivalent to the price of a kilo. Butchers in Yugoslavia had to put in over five hours' work if they wanted to buy a kilo of beef, lamb, chicken or fish, and in Sudan over three hours. However, an hour's work for their counterparts bought over two kilos of beef in Denmark, of chicken in Austria, Cyprus and Sweden, and of fish in the Nordic countries as well as Cuba.

Sweet tooth

Workers with a sweet tooth could easily satisfy their craving in Austria, Gibraltar, Iceland, the Netherlands and Sweden, where for many an hour's work could purchase well over five bars of milk chocolate. The record goes to Austrian computer programmers in insurance companies, who could buy over 27 bars every hour.

Sugar was an extravagance for many workers in construction, and clothing and textiles. A kilo would cost over two hours' work for the majority in Bangladesh, Burundi, Mali, Myanmar and Yugoslavia, and over seven hours for some of them. Those who like sugar in their tea were best off in Bahrain, where an hour's work was equivalent to over six kilos for many employees, including journalists, cash desk cashiers, hotel receptionists and bus conductors. This was also true for many workers in Sweden and the United States.

Beer

Bus and truck drivers in some countries could hardly afford to stop for a quick beer to quench their thirst. Apart from religious or road safety reasons, the price for a third of a liter was prohibitive. Bus drivers in India and Myanmar, and truck drivers in Myanmar had to put in about an hour or more behind the wheel to pay for a small beer. Their more fortunate colleagues in Cyprus, Czechoslovakia and Uruguay earned enough in one hour to buy more than six beers.

Waiters in Bolivia, Sri Lanka and St. Lucia had to serve for over an hour to earn enough for their beer, while Dutch and Austrian could buy more than ten for the same time.

Relative prices

In considering the wide range of prices which prevailed during this period for basically the same products, demand and availability, production methods, transport costs, subsidies and consumer tastes and habits all come into play. For instance, one kilo of rice was roughly equivalent to one liter of milk in Austria, Burundi, Denmark and Mexico, only half a liter in Mali, two liters in Italy, Sweden and Yugoslavia, and three liters in Argentina. It was about the same price as a kilo of sugar in Bolivia, Cyprus, Central African Republic and French Polynesia, as two kilos of sugar in Bahrain and Iceland, and nearly four kilos of sugar in Sudan. A bar of chocolate was as expensive as a kilo of rice in Czechoslovakia and Uruguay.

Rates of pay also varied

The levels of hourly earnings were as diversified as the prices in those countries for which data are available. Among the 40 occupations studied for this article, the highest earnings reported were often double, treble or even four or more times the lowest.

In Bolivia, for instance, a nurse earned nearly three times as much as a grain miller who worked half as long again. In Lesotho, a doctor earned eight times more than a postman, and in Bangladesh a hotel receptionist took home three times as much as a spinner.

However, in other countries such as Czechoslovakia, Denmark, Myanmar, Norway, Sweden and Tunisia these differences were less marked.

International comparisons of wages and prices are somewhat problematic. Occupations may differ between countries; methods of data collection and types of sources may vary; goods priced in different countries are not necessarily of the same quality. Furthermore, some food items may be widely consumed in some countries but not in others, perhaps because of varying habits, traditions, or religious or cultural restrictions. Nonetheless, the data collected through the ILO October Inquiry can give some idea of the purchasing power of work in various parts of the world.

Another aspect to bear in mind when making comparisons between countries and occupations is that the figures correspond to gross wages, that is, before any deductions are made for such items as workers' income taxes, contributions to social security and insurance. Evidently the level of deductions would have an impact on the amount of disposable money available to employees. ■

* *Bulletin of Labor Statistics – October Inquiry Results, 1988 and 1989*. ILO, Geneva, 1990. ISSN 0007-4950.

Best-sellers

Thirty-five years after its first appearance, the ILO's *Introduction to work study* is still in brisk demand throughout the world. A new impression of its third (revised) edition soon to be issued will keep it at the top of the ILO's best-seller list.

Hailed as a "monumental and classic text," it is reputedly the first book in its field to demonstrate that work study can help make work more human as well as raise productivity.

Almost a quarter of a million copies of the English edition have been sold and distributed, and the title is available in 17 other languages.

Consistent demand is also manifest for the two-volume *Encyclopaedia of Occupational Health and Safety*. The print run of this comprehensive reference work now exceeds 34,000 since the second edition appeared 20 years ago. Despite the huge task of translating its 2,500 pages, six language editions have been published, most recently in Spanish. Work will begin on the fourth revised edition next year.

The success of these two titles has given fresh momentum to the efforts of the ILO's Publications Branch to extend further its outreach in order to make translations and licensed adaptations more widely available, at affordable prices, in developing countries and in Eastern Europe, where a recent Readers' Conference in the USSR stimulated negotiations for a further dozen titles. Over the past two years more than 300 agreements – including 77 translation contracts – were signed with publisners and institutions.

Just published

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When the roof caves in

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Legislation in many countries has advanced substantially since 1949, however. An ILO report* notes that the scope of privilege has been extended to include broader notions than just wages, workers' claims are being given preference over most other privileged claims, and institutional means have been created to guarantee all or part of workers' outstanding wage claims following the default of their employer.

Equally importantly, a more enlightened approach has evolved to the question of the destiny of businesses in financial trouble. In several countries there has been a transition from a "bankruptcy law" to a "law of enterprises in difficulty", the aim being to protect the enterprise from bankruptcy. Liquidation is seen as a measure of last resort, to be applied only when rescue is not possible.

Rescue operations are admittedly difficult to put into practise and can fail, the report observes, "thus earning the criticism that they have prolonged the agony without finding a cure." But they have nevertheless saved large enterprises whose closure would have caused acute economic and social problems, including a serious loss of jobs.

Additionally, it is not unusual for very large enterprises to be rescued by ad hoc measures outside the normal insolvency procedures. A major US automobile corporation was saved on the brink of disaster a few years ago thanks to the help of the federal Government and the trade unions. There are countless examples of enterprises around the world being rescued by means of a political settlement or, especially in developing countries, by nationalization in the public interest.

However desirable, the recovery of an ailing enterprise is often unfeasible. Enterprises which are beyond financial redemption must be wound up, a step which may clearly affect the workers' interests. Firstly, they may lose their jobs. Safeguards in this contingency are provided by ILO standards on the termination of employment, and many countries have introduced measures to limit redundancies or to mitigate their effects. Secondly, workers may be owed wages or other payments. Solutions therefore need to be found which give legal protection to their service-related claims, enabling workers to recover at least part of their outstanding debts.

Two principal means of achieving this are in widespread use.

The first is protection by means of privilege, whereby workers' claims for wages and related payments are given preferential ranking over those of other creditors, frequently even over those of the tax authorities and the social security regime, which usually account for the bulk of outstanding debts.

The privilege system has shortcomings, however. It is of no effect in bankruptcies where there are no, or virtually no, realizable assets. Frequently, insolvency proceedings are not even instituted when they are clearly not worth the effort. The system may impair the creditworthiness of the firm; if preference is given to service-related claims, investors may well shy away. Finally, it is out of step with the growing concept of rescue rather than liquidation, and clashes with the interests of workers dependent on the enterprise for a living.

The second method – protection by means of independent guarantee institutions – is therefore making ground. While these take various forms the prevalent approach nowadays relies on a wage guarantee fund.

Wage guarantee funds, first introduced in Western Europe in 1967, have become veritable insurance schemes guaranteeing the employer's obligations toward his personnel, the risk insured against being insolvency – which social security has come to see as a real social risk.

Their rules in fact correspond to the principle of social security schemes: mandatory participation, solidarity, financing by wage-related contributions and administration by non-profit-making bodies. They are almost always financed by compulsory contributions, usually payable by the employers alone. In this they differ from the privilege system, under which each employer is accountable for his debts to the extent of his assets. The guarantee fund is an expression of collective responsibility whereby all employers collectively guarantee payment of service-related claims against each individual employer.

Some funding variations exist. In the Netherlands financing is shared by employers and workers; in Japan by employers and public funds, and in Portugal the public purse foots the bill.

The report proposes that both systems should be considered by the ILO Conference in its elaboration of the new standards. It suggests that a two-part instrument – one part dealing with protection by means of a privilege and the other with protection by a guarantee institution – be drafted, which could offer ratifying States the option of applying one or the other, or indeed both parts.

The initiative is timely, as evidence of recession resurfaces in many economies and the threat of closure due to restructuring casts a longer shadow. Updated international standards may well help dispel the anxiety both of employers lacking the means to meet their liabilities and of workers who risk losing their means of survival. ■

* International Labour Conference, 78th Session, 1991. Report V (1): *Protection of workers' claims in the event of the insolvency of their employer*. ISBN 92-2-107524-9.

From letter post to satellite

The letter post and its venerable companion the telegraph have produced a numerous offspring. Traditional letter carriers now coexist with electronic mail as telecommunications systems – the direct descendants of the telegraph – spearhead technological change.

Modernization has extensive consequences for this sector, the oldest and most universal of public services. This does not however mean that the familiar "postman" has become a vanishing species. An ILO report* is reassuring on this point: the social characteristics of this particular job are in fact becoming more pronounced as letter-carriers on their regular rounds in rural areas "are often the link between the administration, in the broadest sense of the term, and geographically or socially isolated citizens."

More generally, while technological changes in the sector have profound repercussions for the employment, careers and conditions of work of its employees, they are above all a spur for a renewal of dialogue between the social partners, argues the report, which was prepared for this month's second session of the ILO's Joint Committee for Postal and Telecommunications Services.

Although it remains essentially labor-intensive, the post is automating its sorting centers, developing mail transport networks and computerizing its offices – and in the process is meeting competition from private carriers. Electronic fund transfers and other modern financial services similar to those offered by banks are being introduced by postal administrations.

The technological breakthrough which began with the telegraph 140 years ago and continued with the telephone is now opening the age of telematics – the convergence of telecommunications and information technologies. New means of broadband transmissions via fiber optics, microwave and satellite will lead to the merger of telecommunications and audio-visual technologies. A "service explosion" is the result: such innovations as telemetry, videotex and videoconference will soon be joined by telenewspaper, speech facsimile, videotelephony, mobile communications and many other applications not to mention the recent development of value-added services.

These changes affect to varying degrees the postal, telephone and telegraph (PTT) services which until recently generally came under a single administration. The public service monopoly is being challenged as pressure mounts for the privatization of those sectors which are the most profitable and in need of investments that governments are sometimes unable to make. Although responses to this pressure are not universally uniform, it is clear that a process of deregulation and privatization is now widely under way.

The impact of the new technologies on employment is mixed. After a period of contraction due to mechanization, an increase in demand has made the sector on the whole a creator of employment.

For civil service staff enjoying security of tenure, modernization has largely resulted in redeployment rather than dismissal, accompanied by retraining programs often introduced in co-operation with workers' representatives.

It is in the domains of careers, pay and working conditions as well as changing occupational profiles that the effects of new technologies are most noticeable. Some occupations disappear, while new ones emerge to offer new career prospects notably in technical sectors and senior grades, requiring adjustment programs that respond to changing demands for skills and mobility.

Although working conditions may be improved by the elimination of difficult or repetitive tasks, the use of machines and computers can also mean an increase in stress and a sense of isolation.

Several countries have already taken remedial measures concerning hours of work, the distribution of working time and rest breaks, job diversity and the pace of work and introduced consultation machinery to deal with the introduction of new technologies. Many ergonomic studies have moreover been carried out to pave the way for post office computerization.

The participation of workers in the introduction and operation of new technologies is essential, but is not always practised. It ranges from the total absence of information to close collaboration in implementing a negotiated agreement, the report observes. Such agreements, where they exist, cover basically job security and financial compensation following departure, as well as information, training and profit sharing.

It is increasingly recognized, however, that technological change is creating an opportunity for renewed social dialogue.

The negotiation of technological change is innovative, says the report, not so much because of the specific nature of the technologies but because it leads to global bargaining on a project involving enterprise in the broad sense of the term. Alongside traditional bargaining on remuneration and conditions of work there is a second form of negotiation which is more comprehensive and which gives greater responsibility to both sides of the industry.

While technological changes have profound repercussions for employment, careers and conditions of work, they are above all a spur for a renewal of dialog between the social partners. The opportunity exists to develop new forms of industrial relations.

Faced as they are with competition, the postal and telecommunications services must recruit skilled staff and endeavor to keep them by providing career opportunities and competitive working conditions. Management is aware that technological changes are successful if they involve the commitment of staff to the objectives of the enterprise. The unions, for their part, are obliged to extend their activities to spheres connected with decision-making which they previously considered to be outside their competence; as one trade union has pointed out, it is important not only to guarantee the future of the staff but also to master the future of the service. In addition, privatization and the increasingly international nature of problems involved should lead the unions to develop their activities along more ambitious lines.

The report concludes: "There is thus a real opportunity for the social partners to develop new industrial relations which combine the defense of employees' rights with participation in management, so as to improve efficiency and productivity in the interests of long-term employment." ■

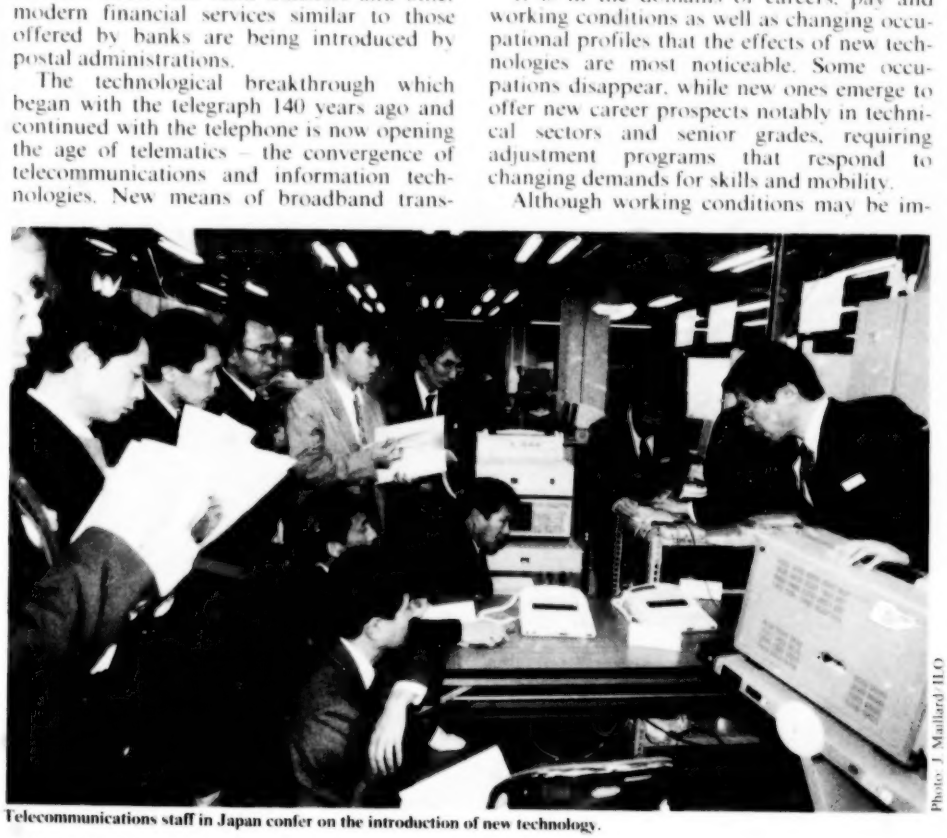

Photo: J. Maillard/ILO

Telecommunications staff in Japan confer on the introduction of new technology.

* Joint Committee for Postal and Telecommunications Services, second session, 1991. Report II: *Technological change and workers' participation in posts and telecommunications*. ISBN 92-2-107635-0.

Asian safety project launched

The most comprehensive effort yet mounted to raise standards of occupational safety and health in Asia and the Pacific is due to begin this month with the launching of a four-year regional program financed by a $10 million contribution from Finland. It comprises the first stage of a planned 20-year operation.

The region's dynamic economic performance over the past decade has brought about a massive growth in manufacturing. Small- and medium-sized enterprises in particular have mushroomed, and parallel expansion has taken place in urban informal sector activity. The labor force has grown correspondingly, now including large numbers of women and young workers experiencing their first encounter with industrial technologies, processes and materials. At the same time, agriculture has undergone profound technological change.

Safety and health have rarely kept pace with this growth, however. Data collection is generally far from satisfactory, but the ILO nevertheless estimates that more than 10,000 workers die and 50 million are injured in industrial accidents every year. In building and construction alone, 30 workers die every day.

"Most of these accidents could be easily avoided if proper information, training, advisory services and legal enforcement were provided," says Mr. Jukka S. Takala, the Finnish safety specialist who heads the ILO's International Occupational Safety and Health Information Centre (CIS) in Geneva.

The new program sets out to create and reinforce the national capability to deliver those services, building on foundations laid by ILO standards and many years of technical co-operation in countries of the region.

This experience pin-points five main target areas. Protection is needed for workers in such hazardous sectors as construction, mining and the chemical industry, and for those exposed to severe safety and health risks. Vulnerable groups – women and child workers especially – need protection, as do workers in small enterprises and the informal sector. And safety improvements need to be translated into productivity gains.

The immediate objectives are to strengthen existing national infrastructures within employers' and workers' organizations as well as in government agencies and specialized safety centers. A network of training and information units will be created or upgraded. Specific operations will focus on improving working conditions directly in selected enterprises.

National experience and resources will be pooled through the program for the benefit of all countries in the region.

The ultimate goal is the establishment of a voluntary, tripartite safety capability in each country, supported by a central unit providing advisory services and enforcing a "modern, applicable and complete" code of legal requirements, and backed by a tripartite advisory organization to help create and carry out national safety and health policy. ■

Indonesia is one of several Asian countries receiving ILO help in the control of major industrial health and safety hazards.

Rapid industrial growth has created many new establishments in the chemical and allied industries, including large liquefied natural gas plants and petroleum refineries, and has increased the storage and use of hazardous chemicals and energy. Many installations are located in heavily populated areas, exposing the local population as well as workers to potential risks.

Reports from various industries show that a significant proportion of accidents are caused by explosions, fires, intoxification and other effects of chemicals.

The Government has updated labor legislation for the control of safety and health hazards, and now an ILO project financed by Germany is giving practical aid. Regulations are being introduced, a data base established, and training given to labor inspectors throughout the country as well as to 450 medical officers and 750 safety officers and engineers responsible for accident prevention within the chemical industry. A major hazard control unit is being set up as the nerve centre of a national system for the identification and control of industrial activities and processes which have the potential to cause major accidents with serious injuries within or outside the plant. ■

ILO receives US safety award

A premier US award has been given to the ILO for its work in combating chemical hazards at the workplace.

The Baier Award is accorded by the American Industrial Hygiene Association annually to the individual or organization making the most significant contribution to the profession of industrial hygiene.

In nominating the ILO, the Association cites the Convention and Recommendation on safety in the use of chemicals at work, adopted by the 1990 session of the ILO Conference. These instruments aim at preventing or reducing the incidence of chemically-induced illnesses. The Convention provides for measures for evaluating chemicals to determine their hazards; providing employers with a mechanism to obtain from suppliers the information needed to implement effective prevention, and providing workers with the information needed for their effective participation in prevention programs.

The award will be presented at this month's 1991 American Industrial Hygiene Conference and Exhibition in Salt Lake City. ■

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